



Department of Justice

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**JUSTICE DEPARTMENT WILL NOT CHALLENGE JOINT
VENTURE NETWORK OF AUTOMOBILE TRANSPORTERS**

WASHINGTON, D.C. -- Eight automobile transporter firms may create a separate group to offer customers centralized marketing and contract administration services and act as a common purchasing agent for its members under a plan approved by the Department of Justice's Antitrust Division.

The Antitrust Division said it will not challenge the Automobile Transport Fleet Affiliation (ATFA) proposed joint venture designed to allow the small regional firms that transport automobiles by truck to offer customers transport capacity beyond that of the individual members and to reduce administrative costs.

ATFA will solicit potential customers for large orders for the transport of new and used automobiles. It also will ascertain the price and other terms that an individual member would be willing to offer, establish an aggregate low-price bid based on the offers of individual members, communicate that offer to the potential customer, then act as the central administrator

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of any executed contract.

All communications about price and other terms will be between ATFA and an individual member. There will be no such communications between individual members. Individual members will retain their right to compete for any business solicited by the joint venture. ATFA also will act as a common purchasing agent for its members for certain items needed to provide automobile transport service, such as, trucks, trailers, tires, software and insurance.

The Department's position was stated in a business review letter to counsel for LWN Consulting from Anne K. Bingaman, Assistant Attorney General in charge of the Antitrust Division.

Bingaman's letter stated that the proposed joint venture was not likely to create any anticompetitive effects since the proposal "appears to have been designed with sufficient safeguards that the information exchanged bilaterally between ATFA and individual members is not likely to facilitate collusion between the members."

The proposal would not reduce competition between the members in any other manner. In view of the fact that members of joint venture cumulatively account for about 2 percent of new car transport revenues and do not appear to dominate used car transport in any region or nationally there is no reason to believe that ATFA's creation or operation will provide it with the power to raise price or reduce output, Bingaman said.

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Similarly, ATFA's actions as common purchasing agent for its members is not likely to have any anticompetitive effects since they likely will account for only a minuscule portion of the total sales of such items.

To the extent that ATFA's operations creates a new entrant into the concentrated new car transporting business it could have a procompetitive effect. It also is possible that by providing customers of used car transport services with centralized negotiation and administration, ATFA will have a procompetitive effect on the transporting of used cars and may enhance efficiency by lowering administrative costs.

Under the Department's business review procedure, a person or organization may submit a proposed action to the Antitrust Division and receive a statement as to whether the Division will challenge the activity as a violation of federal antitrust laws.

A file containing the business review request and the Department's response may be examined in the Legal Procedure Unit of the Antitrust Division, Room 3235, Department of Justice, Washington, D.C. 20530. After a 30-day waiting period, the document supporting the business review will be added to the file.

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